

Mr. [Signature]
(HOLD)

E-SYSTEMS, INC. CONTRACT NUMBER _____

MAINTENANCE AND SUPPORT AGREEMENT

AGREEMENT made between AIR AMERICA, INC. (hereinafter AAM), a corporation duly organized and existing pursuant to the laws of the State of Delaware, United States of America, and E-SYSTEMS, INC. (hereinafter E-SYSTEMS), a corporation duly organized and existing pursuant to the laws of the State of Delaware. This Agreement shall become effective on the date of formal acquisition of Air Asia Company Limited by E-Systems.

ARTICLE I. SCOPE OF WORK

E Systems, utilizing its wholly owned subsidiary Air Asia Company Limited (hereinafter Air Asia) a company limited by shares duly organized and existing pursuant to the laws of the Republic of China, will provide the services hereinafter prescribed.

Air Asia, upon receipt of orders therefor from AAM, will provide within its capabilities and capacity such maintenance and support services as are useful to the conduct of AAM's operations, to include the following:

- A. Maintenance, overhaul, repair, modification and manufacturing services accomplished on or for AAM owned or operated aircraft, engines, components, parts, and ground equipment. Said services shall be performed as required by AAM and individual Customer Repair Records established for each order.
- B. Provision of personnel on a long term basis. Such personnel would remain employees of Air Asia with

residual employment rights but be assigned to AAM for duty.

- C. Provision of personnel for consultative and similar purposes on a short term basis. Control and duty assignments of such personnel would remain with Air Asia.
- D. Supply services as described in Appendix "A" hereof.
- E. Engineering and publication services as described in Appendix "B" hereof.
- F. Flight Equipment records and controls services as described in Appendix "C" hereof.
- G. Accounting Services as described in Appendix "D" hereof.

ARTICLES II DELIVERY

- A. Delivery schedules for orders placed under Article I. A. shall be established for each order when placed.
- B. Length of services ordered under Article I, Paragraphs B and C, shall be established on each order placed for these services.
- C. Services ordered under Article I, Paragraphs D, E, F, and G shall be provided for the duration of this Agreement.

ARTICLE III. PRICE AND METHOD OF PAYMENT

In consideration for such maintenance and support services as provided hereunder, the parties agree as follows:

- A. For labor services performed by Air Asia under Article I, Paragraph A. hereof, E Systems shall charge AAM at the rate of U. S. \$4.05 per Direct Skilled Labor Hour. Charges shall be based on a work order document setting forth the manhours to be performed as agreed to by AAM's representative prior to or, if the exigencies preclude prior approvals, before completion of the work to be performed. Material costs shall be paid in accordance with III. E. below.
- B. For provision of personnel on a long term basis per Article I hereof, AAM shall pay directly to those personnel applicable salary, allowances for their assigned locations, travel expenses, per diems and other cash dues, and accrue on its books reserves for leave, separation and retirement obligations to such employees.

At the time of the return of such personnel to Air Asia all accrued unpaid benefits as reflected on the books of AAM which relate to such personnel will be paid to E Systems.

For other than Chinese Nationals from Taiwan, AAM shall pay applicable separation travel expenses from Taiwan to the employees repatriation point in the event it becomes necessary for those employees to travel to Taiwan for separation purposes.

- C. For provision of personnel pursuant to Article I, Paragraph C hereof, the price for these services shall be negotiated prior to the commencement of said services. Price shall include salaries, appropriate overhead allocation, G & A, and profit. Transportation and travel expenses shall be reimbursed at cost.
- D. For other services performed in support of AAM and which are provided under Article I Paragraphs D, E, F, and G, AAM agrees to pay U. S. \$20,000 per month.
- E. For material purchases AAM agrees to pay the invoiced costs to Air Asia plus the appropriate landing costs.
- F. E Systems shall submit invoices for payment upon the completion of orders placed under Article I, Paragraph A. Invoices for other services performed under Article I shall be submitted on a monthly basis. AAM shall make payment within fifteen (15) days after receipt of invoices. Payment shall be made by U. S. Dollar instrument to E-Systems, Inc. Post Office Box 6030, Dallas, Texas 75222.

ARTICLE IV. AAM RESIDENT REPRESENTATIVE

AAM may assign a resident representative at Tainan to monitor Air Asia's contract performance and to provide liaison with concerned Air Asia offices. The AAM representative shall have the authority to input, or direct changes to and accept work performed under this Agreement and shall be authorized to negotiate price and delivery schedules.

ARTICLE V. PERIOD OF PERFORMANCE

- A. This Agreement shall replace all prior agreements between the parties with respect to the subject matter hereof as of its effective date and shall remain in effect until March 31, 1975, unless sooner terminated by AAM upon 30 days notice in writing.
- B. E-Systems hereby grants AAM an option to extend the period of performance of this Agreement to June 30, 1975. To be valid this option must be exercised on or before March 10, 1975, Dallas, Texas Time. E-Systems reserves the right to renegotiate the Direct Skilled Labor Hour Rate ("DSLH") in Article III.A. to be charged during the option period, however, such Rate shall not exceed the DSLH Rate charged by AACL to its most favored customer.

ARTICLE VI. MAINTENANCE AND ACCESS TO RECORDS

- A. AAM and E-Systems agree that both AAM and Air Asia's technical administrative systems, procedures and forms will be compatible or common to the extent that implementation of the expressed and implied intent of this agreement will be facilitated.
- B. AAM agrees to provide information and copies of records required by Air Asia for central records and controls as described otherwise herein. Air Asia will provide information and copies of records required by Air America for its operational purposes.

Generally the information and records shall include, but not necessarily be limited to that described in Appendix "E" hereof.

- C. Either party hereto shall upon request have the right to an accounting to assure compliance with the terms of the Agreement. For this purpose reasonable access shall be granted to the cost and other pertinent records necessary for such accounting.

ARTICLE VII. CHANGES AND RENEGOTIATION:

- A. Changes hereto may be negotiated from time to time as mutually desired or agreed upon. Except as otherwise provided for in Article VIII, a change will be incorporated in this agreement in the form of a modification in accordance with this Article VII A.
- B. This agreement contains the entire and only agreement between the parties respecting the subject matter hereof and any representation, promise or condition in connection therewith not incorporated herein shall not be binding upon either party. Except as otherwise provided in Article VIII and Article V.B., no modification, renewal, extension or waiver of this agreement or any of the provisions herein contained shall be binding upon the party against whom enforcement of such modification, renewal, extension or waiver is sought, unless it is made in writing and appropriately executed by duly authorized representatives of the parties.

ARTICLE VIII. NOTICES

Wherever any notice is required to be given by either party to the other such notice shall be by telegraph, cable, radio message, or in signed writing, and shall be addressed as follows:

To E Systems: Mr. Kenneth Smith
E-Systems, Inc.
Major's Field
Greenville, Texas 75401

To AAM: Mr. Paul C. Velte, Jr.
Managing Director
Air America, Inc.
1725 K Street, N. W.
Washington, D. C. 20006

Such notice shall be effective from the date of receipt. Change of address for either party may be accomplished by notice in writing to the other party without necessitating a bilateral modification to this agreement.

ARTICLE IX. DELAYS

E Systems shall not be liable for delays in overhaul or failure to perform work or to deliver due to acts of God, force majeure, acts of AAM, acts of civil or military authority, fires, labor difficulties including but not limited to strikes, slowdowns, lockouts and sabotage, floods, storms, epidemics, war, riot, delays in transportation, or because of inability due to causes beyond E Systems's reasonable control to obtain necessary labor, services, materials, parts or components. In the event of any such delay, the date of completion shall be extended for a period equal to the time lost by reason of the delay. This provision shall not, however, relieve E Systems from using its best efforts to avoid or remove such causes and continuing performance with reasonable dispatch whenever such causes are removed. E Systems shall promptly notify AAM when such delays occur and shall continue to advise it of new schedules and/or changes thereto. If any such delay lasts for more than 30 days, the parties shall immediately consult with one another for the purpose of agreeing to the basis upon which E Systems shall resume work at the end of the delay. If they do not so agree within 60 days from the beginning of such delay, then either party may, by written notice forthwith, cancel that portion of the work which is delayed.

ARTICLE X. WARRANTY

- A. E Systems warrants that the overhaul services performed hereunder will be free from defects in workmanship. E Systems's obligation and liabilities under this warranty are applicable only to those parts and components which are demonstrated to E Systems's satisfaction to have malfunctioned because the overhaul was defective in workmanship and this warranty does not extend, among other things, to any claim of malfunction, failure or damage attributable to:
1. Defects in design of parts or materials.
 2. Rust, corrosion or the entry of foreign materials not attributed to Air Asia's work.
 3. Failure to operate and/or maintain or care for the unit in accordance with the manufacturer's specifications and recommendations or contrary to applicable governmental authority regulations and recommendations.
 4. Malfunction of a unit directly or indirectly caused by failure or malfunctioning of any other aircraft component or system not attributed to Air Asia's work.
 5. Operation of the unit after being involved in an accident
 6. Faults related to shipping, storage, handling or installations by AAM.
- B. E Systems's obligations and liabilities under this warranty are limited to malfunctioning parts and components which have been completely overhauled by Air Asia and which

have either been installed less than three hundred (300) hours or have had such complete overhaul within one hundred eighty (180) days, whichever of the foregoing shall first occur.

C. Obligation and Responsibility of E Systems:

Subject to the limitations of Article X Paragraph "A" above, the obligation and responsibility of E Systems, in the event of invocation of this warranty, shall be limited to either repair or the re-overhaul of the part or component at its sole election. It is further understood that E Systems will provide necessary parts and materials needed to effect such repair or overhaul.

D. Obligations and Responsibilities of AAM:

1. AAM is obligated to give written notice of a malfunction claimed to be within the scope of this warranty within thirty (30) days of discovery thereof.
2. The unit involved must be returned to Air Asia at Tainan within sixty (60) days after discovery of malfunction. (Not including surface shipment time).
3. AAM is obligated to pay all costs of shipment to and from Tainan.
4. AAM is obligated to ship any unit to be returned for investigation as to applicability of this warranty complete with all parts usually comprising the assembly and necessary for proper investigation and testing. The unit must be properly preserved and

packaged and shipped to avoid corrosion or damage in transit.

5. In the event that investigation discloses no defects in workmanship by Air Asia, AAM shall pay for labor and materials consumed in tear down, investigation, reassembly and test.

E. The aforesaid warranties and E Systems's obligations and liabilities are in lieu of, and AAM hereby waives, all other guarantees and warranties and all obligations and liabilities thereunder with respect to loss of use, revenue or profit, or consequential damages and suit with respect to such overhaul services. Warranties may not be extended or altered except by an amendment of this Agreement as herein provided.

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ARTICLE XI. GENERAL PROVISIONS

- A. The rights and obligations of the parties under this agreement shall be governed in all respects by the laws of the District of Columbia, U. S. A.
- B. Neither party may assign this agreement or any rights hereunder without written consent of the other party, provided, however, that E Systems may assign its rights to directly receive payment hereunder in order to satisfy its banking requirements.
- C. The rights granted in this agreement are for the benefits of the parties hereto and are not for the benefit of any third person, firm, or corporation, and nothing contained herein shall be construed to create any rights in or for any third party under, as a result of, or in connection with, this agreement.
- D. E Systems will, during the period this agreement is in effect, maintain aircraft product liability insurance and hangar keepers insurance applicable to the work product of Air Asia hereunder and for the coverages and in the amounts regularly carried by E-Systems, Inc. in the conduct of the parent company's business. Such insurance shall provide a clause for a waiver of subrogation rights against AAM and Notice of Cancellation clause providing for thirty (30) days written notice to AAM prior to cancellation of the insurance. E Systems shall furnish to AAM evidence of such coverage and the amounts thereof by furnishing a certificate of insurance from the Insurers of such liability.

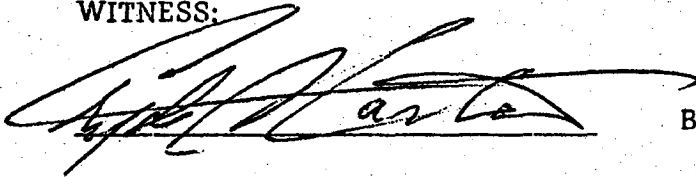
E. The substantive provisions between the parties, which terms shall include Air Asia as an alternate identification to E Systems as appropriate, shall be only those as set forth in this agreement, including any appropriate amendment hereof, and no formal or casual wording or other provision of any supplementary document utilized by either of the said three corporate entities in the implementation and performance of this agreement shall in any way, per se, alter or modify the substantive terms of this agreement or the liabilities, the responsibilities, and rights of the parties as provided for herein.

F. There is no intent between the parties to imply any joint venture in any respect with regard to the activities, work products or services, provided for and performed pursuant to this agreement; to that end, and unless expressly provided otherwise herein, each party shall be responsible for the direct and indirect acts and omissions of their officers, employees, and other designated representatives, including the consequences thereof, and, as between the parties hereto, E Systems shall be responsible for such acts and omissions with respect to Air Asia; and, in furtherance of this declaration, AAM shall not be responsible for any direct

or indirect tax or other levy assessed upon the activities of E-Systems or its subsidiary Air Asia in the performance of this agreement; further, each party herewith undertakes to indemnify and save and hold harmless the other party with respect to undertakings of responsibility in this Article XI.

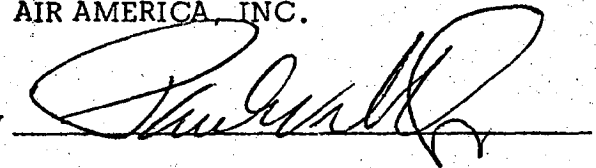
IN WITNESS WHEREOF, the parties hereto by their duly authorized representatives have caused these presents to be executed on the date set forth above.

WITNESS:

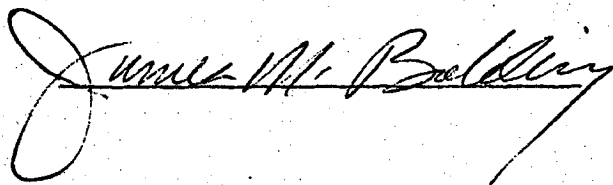


AIR AMERICA, INC.

By




WITNESS:



E-SYSTEMS, INC.

By



K. M. Smith
Vice President

APPENDIX "A"

SUPPLY SERVICES

1. Central, consolidated records of rotatable, recoverable and expendable inventory.
2. Determination of material specifications, interchangeability and end usage.
3. Calculation of consumption experience, stock levels, and reorder points subject to approval of AAM's resident representative.
4. Recording of price information and calculation of moving average prices.
5. Publication of stock lists.
6. Calculation of stock requirements and levels for all locations which shall be subject to approval of AAM's resident representative.
7. Storage of bulk expendable supplies at Tainan to meet system requirements. Packing and shipping for stock replenishment at all locations.
8. At the direction of AAM's resident representative provide for disposal of surplus property items, parts and materials, if located in Taiwan.
9. Establishment and publication of supply procedures subject to approval of AAM's resident representative.
10. Management of procurement activities outside the Far East and in Taiwan. Maintenance of all related records.
11. Prosecution of warranty claims.

APPENDIX "B"

ENGINEERING AND PUBLICATIONS SERVICES

1. Establishment as approved by AAM's resident representative and management of aircraft maintenance systems and programs to include periodic graduated or specialized inspections and services and overhaul if pertinent.
2. Establishment as approved by AAM's resident representative and monitoring of engine and component overhaul and shop visit time limit programs.
3. Evaluation of manufacturers service bulletins to determine applicability and cost effectiveness for incorporation as approved by AAM's resident representative on flight equipment.
4. Preparation of maintenance manuals and parts catalogs. Revision of such manuals and catalogs to incorporate information received from manufacturers, government sources and service experience.
5. Preparation of modification instructions, including original engineering or review of other engineering. Engineering management review which provides check and analysis of pertinent engineering, safety, regulatory and cost factors, and necessary approvals.
6. Establishment of primary weight and balance procedures and maintenance of basic weight and balance records.
7. Preparation of work procedure sheets required to specify and record work on aircraft and components thereof, incorporating manufacturer's requirements and maintenance experience.
8. Investigation of chronic or critical technical and maintenance problems.
9. Investigation of engines, components or parts which could have been related to the cause of an accident as requested by AAM's resident representative.

APPENDIX "B"

10. Correspond with manufacturers on technical matters relating to operation or maintenance of their products.
11. Research concerning new and improved types of avionics and other equipment and parts in response to inquiries by AAM.
12. Reproducing and distributing maintenance, supply and other manuals.
13. Printing and distribution of current work procedure sheets.
14. Design and printing of forms. Maintaining records of forms usage to establish a control system.

APPENDIX "C"

FLIGHT EQUIPMENT RECORDS AND CONTROLS SERVICES

1. Maintenance of central aircraft historical records, including major maintenance, repairs and modifications.
2. Maintaining records and controls of licenses and certificates.
3. Planning and records of modifications and of airworthiness work requirements established by regulatory agencies.
4. Maintenance of central engine and component historical records, including overhauls, repairs and modifications.
5. Operation of a central engine and component time control system, to meet both regulatory agencies and AAM requirements, including time control for certain major parts and sub-assemblies.
6. Planning and provisioning as approved by AAM's resident representative for engine and component overhauls and modifications to match operational requirements to overhaul shop capacities and schedules.
7. Preparation of reliability program reports to meet FAA requirements.

APPENDIX "D"

ACCOUNTING SERVICES

1. Centralized accounting for materials including inventory of Expendables, Recoverables and Rotables.
2. Physical inventory of parts and materials located in Taiwan and reconciliation of cycle inventory on basis of bin cards from AAM bases.
3. Maintaining ground property and equipment records and monitoring the EDP system which controls this property.
4. Maintain accounting records of flight equipment.
5. Calculation and recordation of valuation reserves for all inventory and property accounts.
6. Maintenance of subsidiary records for Inventory and Property Accounts and preparation of Inventory Movement Report and Property Schedules.
7. Keeping detailed records of direct maintenance cost of AAM aircraft and preparation of periodic cost reports.
8. Computation and control of maintenance liabilities for AAM engines and aircraft.
9. Journalization of transactions in respect of material, property and maintenance for AAM.
10. Monitor and accounting for purchases through North Hollywood Procurement Office.

APPENDIX "E"

RECORDS AND REPORTS

A. Air America provides to Air Asia

Aircraft Operations Information

Daily major maintenance (major component change, major repair major service) by tail number

Accident information as necessary to the maintenance and support function

Weekly summary of aircraft and engine time (ASR)

Reports of critical or chronic maintenance problems

Flight time forecasts

Aircraft information circulars

Aircraft maintenance records

Engine and components change reports

Modification and Airworthiness Directive status or completion reports (Incl. ACA 337)

Weight and Balance change reports

Aircraft log sheets - copy

Manuals and reference information

Copies of all flight and maintenance manuals and such administration manuals as necessary to the maintenance and support function

Copies of all forms as necessary to performance of this agreement

Copies of technical correspondence with manufacturers or outside agencies

Supply information

Urgent (AGP, etc) parts requirements

Daily rotatable/recoverable transaction reports

Daily expendable transaction reports

Shipping information including backlogged cargo

APPENDIX "E"

Supply Records

Material issue and credit documents

Receiving reports

Shipping vouchers

Purchase requisitions

Inventory adjustment voucher

Survey reports

Copies of sales orders

Inventory results

Accounting information and records

Monthly DSLH Report with Daily Job Registers

All supply documents as listed under "Supply Records" above

Local Inventory Report

Appropriation Request

Property accounting documents

Accident Expense Record and Damage Repair Record

Monthly Flying Hour Statistics

Analysis of direct maintenance cost by type of service

Standard journal voucher for labor distribution

Transmittal Documents for AAM accounting entries for which subsidiary records are maintained by AACL

B. Air Asia provides to Air America

Aircraft operation information

Flight information for aircraft in Taiwan area

Aircraft maintenance information

Responses to maintenance problem reports

Engine and major component overhaul and repair results

Modification summaries

APPENDIX "E"

Reliability studies including engine removal statistics

Manual and reference information

Copies of Air Asia manuals

Copies of Air Asia forms requested

Copies of technical correspondence with manufacturers or other outside agencies as necessary to performance under this agreement

Manufacturers manuals and service literature (orders and distributes)

Supply information

Shipping information

Stock lists

Stock level standards

Purchase requisition status information

Accounting information and data

Inventory Movement Report

Periodic reports of direct maintenance cost

Maintenance and Supply cost data for contract pricing

Other specific labor and material information as requested

Various reports for property accounting

Journal Vouchers and supporting work papers for AAM transactions

Financial reports as required